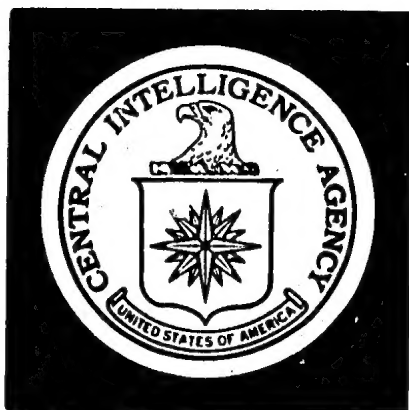


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**DIRECTORATE OF  
INTELLIGENCE**

# Intelligence Memorandum

*Eastern Europe: Farm Production Shortfalls  
And Record Grain Imports*

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
June 1971

### INTELLIGENCE MEMORANDUM

#### EASTERN EUROPE: FARM PRODUCTION SHORTFALLS AND RECORD GRAIN IMPORTS

##### Introduction

1. For Eastern Europe 1970 was the third year in which agricultural results as a whole were unfavorable. <sup>1/</sup> Net agricultural production decreased everywhere except Bulgaria and Poland (and both of them had depressed levels in 1969). The most important development was Eastern Europe's sharp drop in total grain output by 11%, or 7 million tons. This sizable shortfall, following mediocre fodder harvests in 1969, greatly jeopardize plans of most countries for boosting livestock production in 1971 based on domestic fodder. However, difficulties in satisfying workers' demands for animal products during the past 18 months, which contributed to strikes and riots in Poland, have led most regimes to allocate more scarce foreign exchange for imports of grain, other fodder, and meat; to raise producer prices for slaughter livestock; and to program relatively high rates of growth for the livestock sector in the new five-year plan (1971-75).

2. This memorandum briefly assesses 1970 agricultural production developments in Eastern Europe. It examines the impact of production shortfalls and recent livestock programs on this year's grain import level and discusses short-run demand for imported grain and protein feeds, including possible US sales to Eastern Europe.

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1. *The terms East European and Eastern Europe include the northern countries Czechoslovakia, East Germany, and Poland and the southern countries Bulgaria, Hungary, and Romania.*

*Note: This memorandum was prepared by the Office of Economic Research.*

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**CONFIDENTIAL**Conclusions

3. The East European region closed out the 1966-70 plan period on the downside as net agricultural production in 1970 dropped an estimated 2%, the third successive setback. Bulgaria and Poland were the only countries to achieve even small increases over the depressed levels of 1969. For the other countries, decreases ranged from less than 1% in Czechoslovakia to as much as 7% in Romania. The declines were the result of serious shortfalls in crop production, especially grain, caused by adverse weather. Growth of the livestock sector was unable to compensate for these shortcomings. For most countries, the rate of growth for the livestock sector was restricted by a combination of short fodder supplies and the carryover effect of earlier unprofitable pricing policies on producer incentives.

4. The major difficulty in food supplies in the consumption year ending 30 June 1971 continues to involve shortages of livestock products, especially pork and fats, throughout the region and to a lesser extent fruit and vegetables in the southern countries. Although total output of livestock products was up in 1970, that for red meat was down. Most countries increased imports of pork last year to keep per capita consumption from falling. Nevertheless, unsatisfied demand for livestock products continued to grow with higher incomes. As a result of the Polish riots, partly caused by higher food prices, raising retail meat prices to dampen demand now has been rejected by all regimes. Instead, high priority has been assigned to boosting domestic meat production in 1971-75 in order to meet the rising consumer demand. Since little improvement in domestic output can be expected much before late 1971, the northern countries and Hungary have been maintaining meat imports at a high level during the first half of 1971. For example, record Polish imports of about 150,000 tons are estimated for this year; made possible by a \$100 million hard currency loan from the Soviet Union.

5. The combination of an 11% drop in the all-important 1970 grain harvest and government decisions aimed at boosting meat production will push Eastern Europe's total imports of grain in fiscal year (FY) 1971 2/ to a record 9.2 million tons, or 30% above last year. Despite an estimated 42% increase in Soviet grain imports, Eastern Europe will still purchase somewhat larger quantities of Free World grain - mostly from the United States - than in FY 1970. The United States has been able to more than double its grain exports to Eastern Europe on the strength of selling Romania - normally self-sufficient - about 850,000 tons of grain on largely

2. *Throughout this memorandum, the fiscal year is the 12-month period ending on 30 June of the stated year.*

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Commodity Credit Corporation (CCC) credits. In addition to grain, most East European countries have expanded their import of oilseed cake and meal to meet demands of the livestock industry for more and better high protein feed mixes. This increased demand has directly benefited US exports of soybean cake and meal to Eastern Europe, which more than doubled in calendar year 1970. Sales during the first quarter of 1971 were slightly below a year ago, but higher than in previous years.

6. The outlook for maintaining or expanding US exports of grain to Eastern Europe next year are currently less favorable than for soybean products. As of 1 May, crop prospects, especially for winter grains, were much improved over a year ago in all the countries except possible Bulgaria. A combination of continued favorable growing conditions and a larger sown area should boost total grain output for the region. In turn, import demand for grain will be curtailed. Demand for wheat will be depressed more than that for feed grain in the northern countries; the southern countries will be self-sufficient. Import requirements for feed grain by these countries will change little because of larger numbers of hogs and poultry than a year ago and the need to rebuild fodder stocks to a higher level than previously. However, US sales of grain to the region will probably drop by at least a third to less than 1 million tons. This decrease reflects the expected curtailment of imports by Romania. Unlike grain, increases in 1971 output of oilseeds are expected to be smaller and will have less of an impact on reducing import demand for oilseed cake and meal. Requirements for high protein feeds are expected to increase faster than domestic output, thereby keeping the pressure on East European governments to close the protein gap through larger imports. Since the Soviet Union has shown no tendency to expand exports of oilseed cake and meal to Eastern Europe, they must depend on the Free World to meet a larger share of their needs. Thus the United States should be able to maintain at least its current share of the East European market so long as US soybean product prices remain competitive with other sources of protein.

DiscussionAgricultural Production Decline in 1970

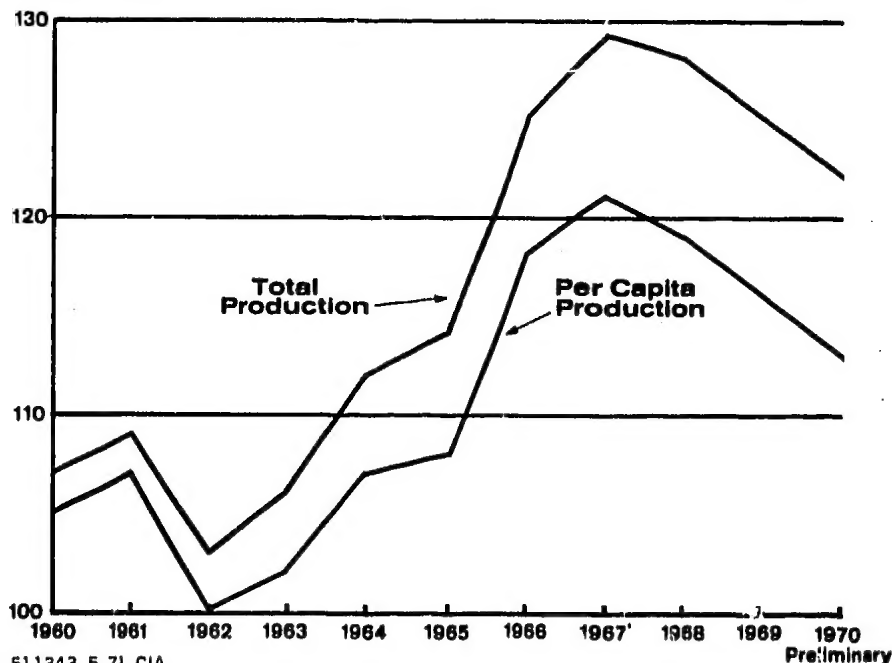
7. In 1970, both total and per capita agricultural output in Eastern Europe dropped for the third consecutive year to a level below that of 1966 (see the chart, Figure 1). Output was down in every country with the exception of Bulgaria and Poland. Even the growth rates of 4% for Bulgaria and less than 1% for Poland, however, were over a depressed 1969 level and fell short of planned expectations. As shown in the following table, agricultural production declined the most in Hungary (down 5.6%)

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**Indexes of Net Agricultural Production**  
1957-59=100

Figure 1



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and Romania (down 7.3%). Adverse weather was the most significant factor holding down farm production throughout the region, inflicting the greatest damage to Hungarian and Romanian crops.

8. In contrast to a downturn in crop production, output of the livestock sector increased in every country but Poland. Bulgaria, Czechoslovakia, and Hungary - following two years of setbacks - claimed rates of growth in the high range of 5% to 7%; estimated growth was less than 3% for East Germany and Romania. The gains resulted from improved output of the dairy and poultry industries and rebuilding of hog herds. Nevertheless, production of red meat, especially pork, declined for the second straight year placing additional strains on an already tight market situation. Also, the more favorable performance of the livestock sector was unable to compensate for the sharp setbacks in crop output.

9. By West European standards, agricultural production closed out the 1966-70 period with a less than respectable average annual rate of growth of 1.4% for the region. Growth rates varied considerably from country to country, ranging from no growth in East Germany to a high

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Index of Agricultural Production for East European Countries a/

1957-59 = 100

<u>Year</u>	<u>Eastern Europe</u>	<u>Bulgaria</u>	<u>Czecho- slovakia</u>	<u>East Germany</u>	<u>Hungary</u>	<u>Poland</u>	<u>Romania</u>
1960	107	107	106	108	106	107	107
1961	109	106	106	98	109	113	116
1962	103	114	102	91	100	107	108
1963	106	111	101	100	113	105	109
1964	112	126	105	102	114	112	117
1965	114	128	102	112	108	114	121
1966	125	151	114	115	120	122	141
1967	129	153	120	121	129	123	145
1968	128	137	123	123	125	124	142
1969	125	141	118	117	129	119	141
1970 <u>b/</u>	122	147	117	113	122	120	131

*a. The value of crop production less feed (including imported grain), seed, and waste, plus the value of livestock products, including changes in live-stock numbers. Food and Agriculture Organization (FAO) regional price weights (1952-56) for Western Europe were used to compute the indexes.*

*b. Preliminary.*

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- 5 -

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of 2.8% in Bulgaria and Czechoslovakia. During the same period, growth of personal income greatly exceeded that of farm output in every country. As a result, in 1970, agriculture was still having as much difficulty as in 1965 in meeting urban consumer demands for quality foods, providing the necessary margin to expand those exports earning hard currency, and reducing the high per-unit cost of farm output.

**Grain Production Drop**

10. Although adverse weather affected output of several crops, it hit the important grain crop the hardest. <sup>3/</sup> In 1970, Eastern Europe's grain harvest totaled only about 55 million tons (see Appendix Table A-1), an 11% drop from the record level of 1969 and the smallest in five years. Production was down in every country but Bulgaria, which claimed a record. Declines ranged from 6% in East Germany - the second straight year of decline - to more than 21% in Hungary. Production was off by about the same percentage in both the northern (10%) and the southern (13%) regions.

11. The output of breadgrain (wheat and rye) suffered a greater setback than that of feed grain, accounting for nearly 70% of the decline of 7 million tons in total grain production. Like total grain, breadgrain output was off in every country but Bulgaria. In the northern countries a poor rye harvest and in the southern countries (Hungary and Romania) a poor wheat crop largely accounted for the reduced output of breadgrain. Romania harvested the smallest wheat crop in a decade as bad weather and floods lowered both the acreage and yields per hectare. Hungary's wheat harvest suffered a similar percentage drop, but it remained above average and was sufficient to meet domestic requirements. Because of losses caused by a severe winter and late spring frosts, the Polish rye harvest was a third smaller than in 1969. Czechoslovakia and East Germany suffered less damage to rye, but East German output remained below the 1964-68 annual average for the second consecutive year. As the per capita consumption of grain declined and demand shifted from rye to wheat in East Germany and Poland, production shortfalls in rye have had a significant impact on growth of the livestock industries of these countries.

12. Total output of feed grains - barley, oats, and corn -- is estimated at 28.4 million tons, or 7% less than in 1969. Results among the countries were mixed; in Bulgaria and Poland, harvests set a record; Romania's was the smallest in five years; and, in the other countries, output was down but slightly above average. Production in all countries was unsatisfactory

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in terms of meeting demand for livestock feed or planned expectations. For example, in Poland even though coarse grain output was up, it was not up enough to compensate for the shortfall in rye - 50% of which is normally fed to livestock. Reduced production of corn in Hungary and Romania will prevent or restrict exports by both and will force Romania to switch from being a traditional net exporter to being a net importer of grain this fiscal year. The relatively poor 1970 output of feed grains for the region could mean another setback to government programs aimed at boosting livestock production as quickly as possible.

**Production of Other Crops**

13. The region's total production of the more important row crops -- potatoes, sugar beets, vegetables, and oilseeds -- improved over the relatively poor showing of 1969, but except for oilseeds remained below the 1964-68 annual average level (see Table A-1). As usual, results were mixed, both within and between individual countries. The more than 10% boost in potato production for the region reflects the higher output of the major producers, East Germany and Poland; output fell in every other country. Sugar beet harvests equaled or exceeded 1969 in every country except Hungary and Romania, but remained below average because the harvested area was smaller. By contrast, oilseed acreage, as well as production, expanded last year in most countries. The Romanian sunflower seed output set a new high despite the spring floods and other adverse weather conditions. Output in Romania and the other countries still fell short of meeting domestic and/or export requirements. Bulgaria and Romania, normally large exporters, placed export restrictions on 1970 sunflower seed; other countries have raised their 1971 import quotas for vegetable oil or seed. Although 1970 was not an outstanding year for fruit and vegetables, output exceeded 1969 in all the countries except Hungary and Romania.

14. The brightest spots in crop production for all the countries were the good harvests of green fodder and lush fall pastures. Nutrient losses were higher than usual because of rain, delayed harvesting last fall, and high moisture content of stored hay, but roughage stocks for feeding cattle over the winter were the best in three years. The good supplies of fodder combined with a mild winter have helped to increase the productivity of milk cows and to raise slaughter weights for cattle during the first quarter of 1971.

**Performance of the Livestock Sector**

15. Following two years of stagnation or decline, the livestock sector showed some improvement last year in all the countries but Poland. Bulgaria, Czechoslovakia, and Hungary registered the best comeback from the

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setbacks of 1969 with growth rates of between 5% and 7%; East Germany and Romania had estimated gains of about 1% and 3%, respectively; and Polish output declined by 1.5%. Although total regional output of most livestock and livestock products exceeded 1969, results of individual countries were varied. Also, 1966-70 planned growth rates for livestock output were met only by Czechoslovakia.

16. In 1969 and early 1970, East European officials introduced policy changes to encourage the expansion of livestock herds at the expense of slaughtering. These efforts were partly successful. At the end of 1970, the total inventory of all major categories of livestock, as well as poultry, were up over the preceding year (see Table A-2). The number of hogs rebounded from a two-year decline to set a new record for the region on the strength of large increases registered by Hungary (28%) and Bulgaria (20%). These large gains plus smaller ones by Czechoslovakia, East Germany, and Romania more than compensated for the drop of nearly 1 million head by the largest producer, Poland. The decline in Polish herds was a direct result of excessive slaughtering by small farmers during the first half of 1970, a consequence of the poor potato harvest in 1969 and unprofitable procurement prices for hogs.

17. An increase of less than 1% in the region's total number of cattle was not impressive, but the halt in a two-year downtrend in numbers for Bulgaria, Czechoslovakia, and Romania was important. And the rate of decline was slowed in Hungary. The stabilization of cattle numbers reflects a lower rate of slaughter as farmers fed cattle and calves to heavier weights so as to take advantage of higher procurement prices and bonuses introduced by most countries in early 1970 for fattened animals. The Polish farmer, however, because of the poor fodder situation had to reduce cattle herds, mostly by culling cows. A decline of 3-1/2% in Polish cows contrasted with virtually no change or a small increase in the other East European countries, except for a 4.8% increase in Romania. The smaller Polish herd, as well as the failure of Czechoslovakia and East Germany to increase cow numbers may jeopardize their plans for expanding beef herds and milk production in 1971. Poultry flocks continued to expand in the region for the sixth consecutive year as regimes pushed poultry meat and eggs as substitutes for short supplies of red meat. Even Poland, which suffered setbacks in other categories of livestock, claimed a 2% increase in numbers. The expansion during the 1960s of the commercial feed industry and specialization of farm production in Eastern Europe had its greatest success in boosting output of the poultry industries, especially in the southern countries.

18. The region's output of animal products in 1970 was uneven, with gains estimated only for poultry meat and eggs, no significant change in

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milk, and a decline in red meat for the second consecutive year (see Table A-2). Only Czechoslovakia was able to claim an increase in the production or procurement of meat for 1970. Most of the increase came from higher output of pork, a result of importing young pigs for fattening early last year and releasing state stocks of subsidized feedstuffs to producers. In all the other countries (except for beef in East Germany), the output of both beef and pork was off. Decreases in output, however, were less than might normally be expected, given the reduced level of domestic feed production in 1969-70. However, changes in government procurement prices and an increased availability of imported feedstuffs 4/ favored the marketing of heavier hogs, as well as raising output of poultry and eggs.

**Meat Supplies Remain Short**

19. Despite larger imports of meat (as well as cutbacks in exports) by the northern countries and Hungary in an attempt to bridge the gap between reduced procurements and increased demand, pork and animal fats continued in short supply throughout the region. The market situation was especially difficult in East Germany, Poland, and Romania. Except for Romania the per capita availability of pork in 1970 was not only below 1969 but also below 1965. Total consumption of red meat stagnated or declined for the second straight year. The larger numbers of meat animals, especially hogs, at the beginning of 1971 compared with a year ago favor a somewhat higher output of meat this year, but not sufficient to reduce imports of pork by the northern countries. Procurement of slaughter animals - mostly hogs - in the first quarter of 1971 was above that of a year ago in most countries. An exception was Poland, where hog procurements dropped nearly 20%; no improvement is expected before the third quarter of this year.

20. Faced with a large unsatisfied demand for meat and falling production of meat, the Gomulka regime last December attempted to depress demand by sharply hiking retail prices of meat by 17%, a method used previously by Poland (as well as other Communist countries), with only limited success. This time, however, the price hike together with other frustrations of the workers helped to trigger the riots and strikes which brought Gierek into power. 5/ Subsequently, Gierek rescinded the price

4. For example, East German and Hungarian imports of agricultural products in 1970 jumped about 30% in value; most of the increase was for meat and livestock feeds.

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hike for meat and other foods and announced the ambitious goal of raising per capita availability of meat by 2 kilograms each year through 1975. To support the 1971 increase, Poland acquired a hard currency loan of \$100 million from the Soviet Union to purchase mostly Western pork, possibly as much as a record 150,000 tons during the first three quarters of 1971. The regime also introduced a number of measures aimed at stimulating meat output by late 1971 and 1972, including the third increase in producer prices during the past 14 months for slaughter animals and the abolishment of compulsory deliveries of livestock, grain, and potatoes as of 1 January 1972. It also has become clear that Gierek has scrapped Gomulka's policy of restricting grain imports at the expense of hog production. Instead, Poland now will attempt to import enough grain and other feedstuffs to support larger herds and higher productivity programmed for the next five years.

21. Details are still spotty on the current five-year goals of the livestock sectors in most of the other countries, but most agricultural officials have indicated that growth rates will be stepped up significantly over past levels. Most officials also admit such rates will be difficult to achieve because of difficulties in boosting domestic output of fodder. The 1960's trend toward large specialized livestock and poultry farms will be stepped up as will the building of large commercial mix-feed plants to supply these farms. Consequently the need for high protein supplement (oil meals and cakes) could rise dramatically to support the mix-feed industry, part of which would have to be met by imports.

22. It seems reasonably clear from recent speeches of government leaders about improving the standard of living that the number one priority assigned to agriculture over the next five years is to provide the worker with more meat and other livestock products without reducing exports. It is also clear that in bad harvest years more feed grain and protein supplements will be imported than previously to prevent slaughtering down of herds. The Polish riots have undoubtedly strengthened the bargaining position of those economic planners in other countries advocating greater resources for agriculture and more particularly for the livestock and meat industries. As a result, Western exporters, including the United States, stand to benefit in increased sales of breeding stock, feed grain, protein supplement, and equipment in the short run.

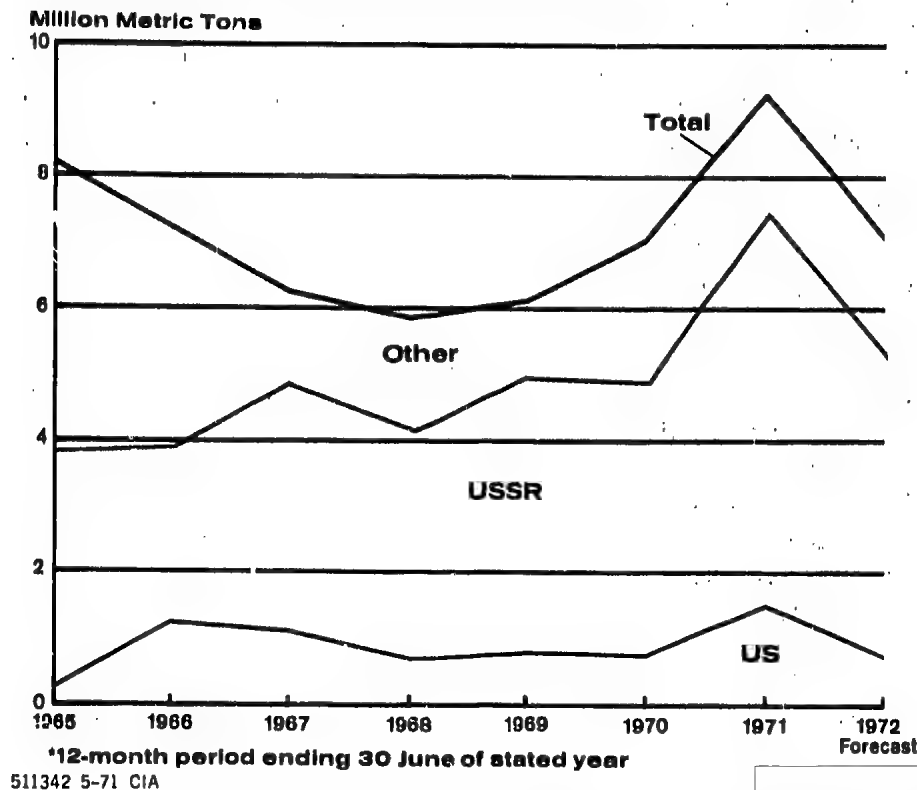
**Grain Imports to Set Record in FY 1971**

23. Eastern Europe's estimated import of grain during FY 1971 will set a new high of 9.2 million tons, an increase of 2.1 million tons over last year (see the chart, Figure 2). The sharp rise in import demand reflects the larger requirement of the traditionally deficit northern countries and

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**CONFIDENTIAL****East European Imports of Grain, Fiscal Years\***

Figure 2



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of Romania, normally a large exporter, because of poor grain harvests and decisions to support programs aimed at stabilizing or boosting livestock production. Record Polish imports of slightly over 3 million tons will account for almost one-third of the region's total imports (see Table A-3). Despite a smaller harvest, Hungarian officials claim that grain imports will not be necessary; reserves of wheat are good and exports have been sharply curtailed. Nevertheless, small amounts of seed and milling-quality wheat may need to be imported in addition to a recently reported purchase of 100,000 tons of corn from France. Unlike last year, when all the southern countries were net exporters of grain, only Bulgaria will be in such a position in FY 1971 (possibly 200,000 to 300,000 tons).

24. Wheat imports, which had been fluctuating downward since the early 1960s, will increase for the third successive year to a new high in FY 1971. About 70% of the increase of 2.1 million tons in total grain imports this year is accounted for by wheat. Unlike the large import of feed-quality wheat in the previous two years, this year's increase largely reflects demand for milling-quality wheat by the northern countries and Romania. Not only was output down, but the high moisture content of the breadgrain and subsequent sprouting also made large quantities suitable only for livestock feed, particularly in East Germany and Poland. This development, as well as the large amount of imports last year, restricted

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the growth of feed grain imports to less than 0.7 million tons. Purchases of feed grain by Poland – the largest importer – may fall 25% below the record 1.2 million tons imported in FY 1970. Some of the Soviet wheat imported by Poland and the other northern countries is designated also for feeding livestock, but in lesser amounts than for the previous two years.

25. Eastern Europe's increased demand for grain this year will be largely met by the USSR. It is estimated that Soviet exports to Eastern Europe will jump by nearly 42% over FY 1970, to a record 5.9 million tons, or about 65% of total imports. Although the quantity of Soviet wheat imported will be larger, its share of total Soviet grain imports will drop from nearly 90% last year to less than 80%. Somewhat larger than usual quantities of rye and barley are being shipped to Poland and Czechoslovakia. Polish imports of Soviet grain (mostly wheat) will more than double in FY 1971 to about 2.5 million tons, of which 2 million tons will be delivered in the first half of 1971. As a result, Poland has been able to conserve hard currency expenditures for grain by restricting imports from the West to only about two-fifths of the 1.4 million tons imported last year. Nevertheless, the estimated 3.3 million tons of Free World grain to be imported by Eastern Europe as a whole will slightly exceed that of last year owing to relatively large Romanian purchases from the United States, and to small increases by Czechoslovakia, East Germany, and Hungary. Bulgaria, never a large grain importer, has cut hard currency purchases even below the reduced levels of FY 1970, possibly in order to buy more oilcakes and meals.

Larger Purchases of US Grain and Protein Feeds

26. Although Eastern Europe's total imports of grain in FY 1971 from the Free World is expected to grow by no more than 12% to 15%, purchases from the United States will double to 1.5 million tons, representing over 45% of all purchases from the Free World. The US total may go even higher if Czechoslovakia and East Germany continue buying corn during May and June at the March-April rate. Through April 1971, sales of US grain have been made to every country in the region but Bulgaria. A major factor in boosting US exports this fiscal year was the large sale of about 850,000 tons of grain, including 500,000 tons of wheat, to Romania under largely CCC credits. So far this fiscal year Czechoslovakia and Hungary together have purchased a total of nearly 200,000 tons of feed grain compared with none last year; Polish imports are up only about 50,000 tons and considerably below the level of earlier years. The shortage of feed grain – including feed-quality wheat – in Western Europe probably accounts for even this small increase in US sales to Poland.

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27. A combination of shortfalls in domestic oilseed output and rising demand of livestock industries for higher protein feed rations caused East European imports of US soybean cakes and meals to soar to 368,200 tons in calendar 1970, 2.2 times those a year earlier. Record quantities went to all the countries but Romania. Even East Germany imported a small quantity of meal for the first time. Imports of US soybean cake and meal are given in the accompanying tabulation, in thousand tons.

	<u>1969</u>	<u>1970</u>
Bulgaria	29.7	56.5
Czechoslovakia	0	44.4
East Germany	0	5.1
Hungary	39.5	164.1
Poland	87.8	98.1
Romania	10.0	0
<i>Total</i>	<i>167.0</i>	<i>368.2</i>

In addition, Eastern Europe probably purchased from West European countries soybean products of US origin.

28. It is unlikely that total imports of US oilcakes and meal by Eastern Europe in 1971 will be as high as last year, because of better 1970 oilseed crops and the decision by Bulgaria - a large importer in 1970 - not to export sunflower seed from the 1971 harvest, but to sell oil so as to retain the sunflower cake. Nevertheless, the outlook for US sales remaining above pre-1970 levels are excellent. Pressures to expand meat production rapidly, particularly pork and poultry, in the protein-deficit northern countries and Hungary, combined with the limited ability of these countries to expand output of oilseeds, favor an increasing demand for imports of high protein supplements over the next few years. Whether or not future sales of US soybeans and products will maintain their current share of this expanding East European market will depend largely on the availability of oilcakes and meals or substitutes from other Free World exporters, and the ability or willingness of East European governments to spend larger amounts of hard currency for such purchases in the United States.

#### Short-Run Demand for Imported Grain

29. East European grain imports in FY 1972 are likely to drop as much as 2.5 million tons below the record level estimated for FY 1971. This projected level of import at 6.5 million to 7.0 million tons would still exceed the annual average amount imported during the 1968-70 period. The major factor contributing to a reduction in import demand is the favorable outlook for grain production this year. Although it is still too early to make firm estimates, current prospects indicate a substantial

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Improvement over 1970 in the output of winter grains -- especially rye in the northern countries and wheat in Romania -- and early planted spring crops. Winterkill losses to grain in the northern countries were the smallest in years, so a larger area will be harvested this year. A mild winter and an early spring have favored the good growth of winter grains. Also, the early spring throughout the region has favored fulfillment of plans to expand areas planted to spring grains and potatoes, as well as plant development. In several countries, 1 May soil moisture levels were slightly below normal but average rainfall during the remainder of the season should result in grain harvests above last year in every country with the possible exception of Bulgaria, which set a new high in 1970.

30. A good grain harvest this year will reduce US exports to the region in FY 1972 by at least a third, or to under 1 million tons. The reduction is largely based on an expected cutback in Romanian demand for wheat; in addition, purchases of barley will not be repeated if the corn crop is good. US exports to the traditionally large northern importers are expected to remain near this year's level. Although their total imports of grain will be down, it will primarily affect wheat and not feed grains. In recent years the United States has had a larger share of Eastern Europe's feed grain imports than of wheat, the latter largely supplied by the Soviet Union, Canada, and France. Even with better harvests this year, import demand by the northern countries for feed grains will remain strong in FY 1972 for several reasons: (1) production increases for breadgrain will be larger than for feed grains; (2) domestic requirements are expanding faster than output; (3) state grain reserves must be replenished and expanded after two bad years; and (4) these countries apparently are willing to spend foreign exchange to meet a larger share of feed grain requirements than previously. The United States could increase its share of the feed grain market next year if Western Europe or the Soviet Union has mediocre harvests. The Soviet Union, with rising domestic pressures to support higher levels of livestock production is not in as good a position to meet Eastern Europe's needs for feed grains as those for wheat. In fact, Soviet exports of feed grains to Eastern Europe next year are unlikely to stay at this year's relatively high level without another above-average feed grain harvest.

31. Future US sales of grain to other markets could benefit from the recent thrust of agricultural policies by the southern countries aimed at boosting livestock production for both domestic consumption and export. It is estimated that even should Hungarian and Romanian levels of grain output be slightly above average this year, they will keep more corn at home than in similar production years. Exports will be restricted not only by higher livestock feed requirements but also by the need to rebuild stocks in both Hungary and Romania from any surplus corn produced. Romania, usually one of the largest corn export competitors of the United States

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In Europe, may be progressively less so in the future if the official policy of providing more meat for both consumption and export is implemented. Similarly, Bulgaria and Hungary have planned relatively large increases in feed grain production during 1971-75, but the increase is intended for domestic livestock industries, not export.

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**APPENDIX**

**Statistical Tables**

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Table A-1  
Eastern Europe: Production of Selected Crops

Million Metric Tons							
<u>Commodity and Years</u>	<u>Bulgaria</u>	<u>Czecho- slovakia</u>	<u>East Germany</u>	<u>Hungary</u>	<u>Poland</u>	<u>Romania</u>	<u>Total</u>
<b>Total grain a/</b>							
1964-68 average	5.74	6.06	6.82	7.42	15.99	12.71	54.74
1968	5.22	7.36	7.83	8.33	17.95	12.70	59.39
1969	6.00	7.90	6.92	9.56	18.57	12.75	61.70
1970 b/	6.77	7.26	6.50	7.51	16.30	10.43	54.78
<b>Breadgrain c/</b>							
1964-68 average	2.85	3.14	3.70	2.78	11.45	5.19	29.11
1968	2.57	3.92	4.31	3.59	13.00	4.90	32.29
1969	2.60	3.94	3.53	3.82	12.88	4.40	31.17
1970 b/	3.08	3.64	3.32	2.89	10.09	3.39	26.41
<b>Coarse grain d/</b>							
1964-68 average	2.89	2.92	3.12	4.64	4.54	7.52	25.63
1968	2.65	3.44	3.52	4.74	4.95	7.80	27.10
1969	3.40	3.96	3.39	5.74	5.69	8.35	30.53
1970 b/	3.69	3.62	3.18	4.63	6.21	7.04	28.37
<b>Potatoes</b>							
1964-68 average	0.39	5.95	13.05	1.68	46.96	2.99	71.02
1968	0.37	6.57	12.64	1.34	50.28	3.71	74.87
1969	0.36	5.18	8.83	1.59	44.94	2.17	63.07
1970 b/	0.34	4.73	11.30	1.43	50.17	1.70	69.67

CONFIDENTIAL

- 18 -

CONFIDENTIAL

Table A-1  
Eastern Europe: Production of Selected Crops  
(Continued)

Million Metric Tons							
<u>Commodity and Years</u>	<u>Bulgaria</u>	<u>Czecho- slovakia</u>	<u>East Germany</u>	<u>Hungary</u>	<u>Poland</u>	<u>Romania</u>	<u>Total</u>
Sugar beets							
1964-68 average	1.85	7.33	6.47	3.48	13.76	3.82	36.75
1968	1.41	8.10	7.00	3.47	14.80	3.94	38.72
1969	1.63	5.81	4.86	3.30	11.32	3.78	30.70
1970 b/	1.69	6.84	4.84	2.17	12.74	3.14	31.42
Oilseeds c/							
1964-68 average	0.41	0.07	0.22	0.09	0.52	0.64	1.95
1968	0.46	0.07	0.26	0.09	0.71	0.73	2.32
1969	0.54	0.05	0.16	0.11	0.20	0.75	1.81
1970 b/	0.44	0.07	0.19	0.09	0.55	0.77	2.11

a. Including wheat, rye, barley, oats, corn, and miscellaneous grain; excluding rice.

b. Preliminary.

c. Wheat and rye.

d. Barley, oats, corn, and miscellaneous grains.

e. For Czechoslovakia, East Germany, and Poland, rapeseed; for all others, sunflower seed.

Table A-2

## Eastern Europe: Number of Livestock and Output of Livestock Products

<u>Category and Years</u>	<u>Bulgaria</u>	<u>Czecho- slovakia</u>	<u>East Germany</u>	<u>Hungary</u>	<u>Poland</u>	<u>Romania</u>	<u>Total</u>
	<u>Thousand Head</u> <sup>a/</sup>						
<u>Cattle</u>							
1965	1,450	4,389	4,762	1,919	9,480	4,935	26,935
1966	1,385	4,462	4,918	1,968	10,002	5,198	27,933
1967	1,363	4,437	5,018	2,049	10,123	5,332	28,322
1968	1,297	4,249	5,109	2,017	10,530	5,136	28,338
1969	1,255	4,223	5,171	1,914	10,285	5,034	27,882
1970 <sup>b/</sup>	1,278	4,290	5,190	1,911	10,220	5,215	28,104
<u>Cows</u>							
1965	581	1,948	2,169	782	5,775	2,008	13,263
1966	578	1,952	2,195	772	5,872	2,127	13,496
1967	586	1,929	2,188	785	5,801	2,218	13,507
1968	579	1,903	2,166	751	6,057	2,202	13,658
1969	574	1,884	2,167	716	6,045	2,229	13,615
1970 <sup>b/</sup>	588	1,880	2,163	725	5,829	2,335	13,520
<u>Hogs</u>							
1965	2,408	5,544	8,878	6,590	14,367	5,365	43,152
1966	2,276	5,305	9,312	6,123	14,704	5,400	43,120
1967	2,314	5,601	9,254	6,647	14,384	5,752	43,952
1968	2,140	5,136	9,523	5,806	14,677	5,853	43,135
1969	1,967	5,037	9,237	5,700	14,755	5,971	42,667
1970 <sup>b/</sup>	2,370	5,352	9,684	7,311	13,863	6,358	44,939
<u>Poultry</u>							
1965	20,845	27,752	37,988	50,594 <sup>c/</sup>	80,288	40,084	257,551
1966	23,637	29,466	37,070	50,603 <sup>c/</sup>	81,026	43,966	265,168
1967	27,726	31,200	37,976	56,489 <sup>c/</sup>	80,117	47,148	280,664
1968	24,874	32,544	38,802	56,902 <sup>c/</sup>	84,269	47,618	285,009
1969	29,590	34,870	42,565	49,168 <sup>c/</sup>	85,498	53,894	295,585
1970 <sup>b/</sup>	33,733	38,000	42,600	62,972 <sup>c/</sup>	87,200	54,164	318,669

CONFIDENTIAL

- 20 -

CONFIDENTIAL

Table A-2

Eastern Europe: Number of Livestock and Output of Livestock Products  
1965-70  
(Continued)

Category and Years	Bulgaria	Czecho- slovakia	East Germany	Hungary	Poland	Romania	Total
Thousand Metric Tons							
<u>Red meat d/</u>							
1965	278	599	886	476	1,334	462	4,035
1966	293	580	930	469	1,368	500	4,140
1967	296	605	968	472	1,409	542	4,292
1968	320	660	1,003	532	1,440	592	4,547
1969	288	625	1,016	513	1,504	578	4,524
1970 b/	274	655	1,000	511	1,469	568	4,477
<u>Cow's milk</u>							
1965	1,000	3,924	6,371	1,762	13,330	2,302	28,689
1966	1,098	4,169	6,728	1,849	14,221	2,674	30,739
1967	1,210	4,335	6,904	1,976	14,480	2,971	31,876
1968	1,198	4,550	7,227	1,931	14,628	2,745	32,279
1969	1,205	4,747	7,232	1,900	14,743	2,735	32,562
1970 b/	1,210	4,794	7,160	1,916	14,787	2,815	32,682
Million							
<u>Eggs, shell</u>							
1965	1,449	3,007	3,935	2,393	6,264	2,630	19,678
1966	1,490	3,080	3,894	2,436	6,253	2,814	19,967
1967	1,683	3,218	3,995	2,714	6,348	3,011	20,969
1968	1,626	3,270	4,046	2,792	6,315	3,113	21,162
1969	1,519	3,430	4,193	2,640	6,700	3,315	21,797
1970 b/	1,630	3,671	4,562	3,000	6,950	3,515	23,328

a. Unless otherwise indicated, inventory dates are as of December.

b. Preliminary.

c. March census.

d. Trimmed carcass weight; including beef, veal, mutton, pork and is significant, goat

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Table A-3

Eastern Europe: Estimated Gross Imports of Grain a/  
Fiscal Years 1968-71 b/

Source and Destination	Thousand Metric Tons							
	FY 1968		FY 1969		FY 1970 <u>c/</u>		FY 1971 <u>d/</u>	
	Total	Wheat	Total	Wheat	Total	Wheat	Total	Wheat
<u>Free World e/</u>								
Bulgaria	193	18	310	253	145	62	50	0
Czechoslovakia	379	327	215	134	729	679	910	685
East Germany	397	60	427	2	550	3	700	200
Hungary	81	68	212	82	1	0	130	0
Poland	1,136	392	728	196	1,360	174	560	25
Romania	0	0	0	0	130	0	945	510
<b>Total</b>	<b>2,186</b>	<b>865</b>	<b>1,892</b>	<b>667</b>	<b>2,915</b>	<b>918</b>	<b>3,295</b>	<b>1,420</b>
<u>USSR</u>								
Bulgaria	0	0	304	304	0	0	0	0
Czechoslovakia	1,300	1,145	1,378	932	1,360	1,080	1,365	850
East Germany	1,300	1,280	1,255	1,097	1,500	1,404	1,800	1,500
Hungary	200	0	186	176	236	187	50	50
Poland	830	615	1,065	937	1,084	1,035	2,490	2,075
Romania	0	0	0	0	0	0	230	200
<b>Total</b>	<b>3,630</b>	<b>3,040</b>	<b>4,188</b>	<b>3,446</b>	<b>4,180</b>	<b>3,706</b>	<b>5,935</b>	<b>4,675</b>
<u>All sources</u>								
Bulgaria	193	18	614	557	145	62	50	0
Czechoslovakia	1,679	1,472	1,593	1,066	2,089	1,759	2,275	1,535
East Germany	1,697	1,340	1,682	1,097	2,050	1,407	2,500	1,700
Hungary	281	68	398	258	237	187	180	50
Poland	1,966	1,007	1,793	1,133	2,444	1,209	3,050	2,100
Romania	0	0	0	0	130	0	1,175	710
<b>Total</b>	<b>5,816</b>	<b>3,905</b>	<b>6,080</b>	<b>4,111</b>	<b>7,095</b>	<b>4,624</b>	<b>9,230</b>	<b>6,095</b>

a. Including wheat, rye, barley, oats, corn, and sorghum.

b. Twelve-month period ending 30 June of stated year.

c. Preliminary.

d. Forecast based on known sales, shipments, trade agreements, and requirements as of April 1971.

e. Including a small amount of intra-East European trade.

CONFIDENTIAL

- 22 -

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